

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### OFFICE OF THE COMMISSIONER

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CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

February 28, 2011

J. Patrick Foley  
Manager Land and External Affairs  
Pioneer Natural Resources Alaska, Inc.  
700 G Street, Suite 600  
Anchorage, Alaska 99501

Re: Cosmopolitan Unit Voluntary Termination  
Termination of Expired State Leases ADLs 384404, 387102, 389230, 389525, and 389526

Dear Mr. Foley:

Under the 2<sup>nd</sup> Amendment to the Fourth Plan of Exploration for the Cosmopolitan Unit (CU), the working interest owners' (WIOs) were required to commit to drilling a well by January 31, 2011. In your letter dated February 11, 2011, Pioneer Natural Resources Alaska, Inc (Pioneer), as operator of the CU, notified the State of Alaska, Department of Natural Resources, Division of Oil and Gas (Division) that 100% of the Working Interest Owners elected to voluntarily terminate the CU and to surrender any leases beyond their primary term that did not have a well capable of producing hydrocarbons in paying quantities. Pioneer specified oil and gas leases ADL 384403 and ADL 18790 had wells capable of producing in paying quantities.

I approve the voluntary termination of the CU Agreement, effective February 11, 2011, in accordance with Article 14.4 and 11 AAC 83.336(c). Five CU state leases, ADL 384404, ADL 387102, ADL 389230, ADL 389525, and ADL 389526, are past their primary term and do not have a well capable of producing; therefore, these five state leases are terminated effective February 11, 2011. Under the terms and conditions set out in the Finding and Decision to Approve the CU dated November 14, 2001, the WIOs agreed to waive the extension provisions of 11 AAC 83.140 and Article 15.2, and the notice and hearing provision of 11 AAC 83.374.

The two remaining CU state leases have wells capable of producing; therefore, under the habendum clause of the lease, these leases, ADL 18790 and ADL 384403 will continue in effect under their individual lease terms. Pioneer is hereby instructed to submit a lease plan of development for ADL 18790 and ADL 384403. The plans of development for these two state leases must be submitted to the Division on or before March 1, 2012.

This unit termination approval does not relieve Pioneer from its obligation under Article 15.4 of the CU Agreement and the individual leases to remove all machinery, equipment, tools and materials, and to restore the surface of the lease area.

*"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."*

A person affected by this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to [dnr.appeals@alaska.gov](mailto:dnr.appeals@alaska.gov). This decision takes effect immediately. If reconsideration is not requested by the deadline, this decision becomes a final administrative order and decision of the department on the 31<sup>st</sup> day after issuance. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Questions may be directed to Wendy Woolf with the Division at (907) 269-8779.

Sincerely,



Daniel S. Sullivan  
Commissioner

cc: Kevin Banks, DO&G  
Jeff Landry, DOL  
Cammy Taylor, DO&G  
Jonne Slemons, DO&G